



INTRODUCTION

1. What is this OMB Circular A-76 I keep hearing about?

OMB Circular A-76 has its roots in the Eisenhower administration. It sets the policies and procedures that executive branch agencies must use in identifying commercial-type activities and determining whether these activities are best provided by the private sector, by government employees, or by another agency through a fee-for-service agreement. The term typically used to describe this process is “competitive sourcing.” On May 29, 2003, the Office of Management and Budget (OMB) unveiled long-awaited revisions to OMB Circular A-76, which went into effect immediately.

2. Why is competitive sourcing such a hot issue?

“Competitive sourcing” is one of five key elements on the President’s Management Agenda. Under competitive sourcing, agencies must study some of the commercial functions currently performed by Federal employees. (When a function has been studied and selected to undergo a public-private competition, it means that the function will be competed, and only the result of the competition can dictate whether the function will continue to be performed by government personnel or will be performed by a private sector source.) Since one possible outcome of these studies is that some employees may lose their government jobs, there is understandably general concern in the Federal workforce.

3. Who is in charge of competitive sourcing in the FAA?

The Administrator created the Office of Competitive Sourcing Acquisition, ACA, in February 2003 to oversee the implementation of competitive sourcing initiatives in the FAA.

GENERAL INFORMATION ABOUT THE A-76 PROCESS AND AFSSs

4. What determines whether a function is “commercial”?

The FAIR Act -the Federal Activities Inventory Reform Act- requires executive agencies to identify both the commercial

and inherently governmental activities performed by Federal employees and submit them to the Office of Management and Budget (OMB) yearly. After OMB reviews and approves each agency’s “FAIR Act inventory”, the agency must post it on its public web site. Keep in mind that the inventory reflects **functions**, which are not the same thing as **positions**. One single employee may perform both inherently governmental and commercial functions.

5. What’s the difference between a commercial function and an inherently governmental function?

An inherently governmental function is an activity that is so intimately related to the public interest as to mandate performance by government personnel. These activities require the exercise of substantial discretion in applying government authority and/or in making decisions for the government. A commercial activity is a service that could be performed by the private sector, because it is **not** so intimately related to the public interest. Commercial activities can be subject to competition.

6. When will the FAA’s 2002 FAIR Act inventory be available?

The FAA’s final 2002 FAIR Act inventory, part of the DOT inventory, has been released and is available on the DOT website www.dot.gov/ost/m60/fairact.

7. Can an agency’s FAIR Act inventory be challenged?

Yes. Section 3 of the FAIR Act established a two-tiered administrative challenge and possible appeals process that permits interested parties to challenge the inclusion or the omission of an activity from the FAIR Act inventory. Section 3(b) of the FAIR Act defines “interested party” in more detail and Attachment A describes the “Inventory Challenge Process”.

8. How is competitive sourcing different from privatization?

Under privatization the government relinquishes ownership and control of an operation by divesting itself of the commercial activity, including the associated real property, and becomes a customer that purchases goods and services from a commercial source. In competitive sourcing, the government retains ownership and control of an operation whether government employees or contractors provide the service.

9. What good, if any, comes from competitive sourcing?

The government spends billions of dollars every year for commercial services provided by government employees. Historically these competitions have resulted in savings

that average 30 percent, whether government employees or private sector employees ultimately do the work. This means there is enormous potential for savings, with no reduction in quality of service.

10. Why did the FAA choose to study Automated Flight Service Stations (AFSSs)?

Several internal and external studies, including one by the DOT Inspector General, found that the FAA could provide AFSS services differently and in a more cost effective manner. A competitive sourcing study of AFSSs was determined to offer great benefit to the taxpayer. The following assessments supported the choice:

- FSS functions are severable and distinct, and can therefore be separated for study
- Productivity and unit cost per operation vary greatly between flight service locations
- The FSS function provides an opportunity for efficiency gains through the competitive sourcing process such as:
 - Introduction of new facilities and equipment
 - Reduction of non-value added activities

11. Why was Alaska excluded from the AFSS competitive sourcing study process?

Because of the complex nature of studying the AFSS function as a whole, FAA management decided not to include Alaska. Alaska AFSSs are different due to the unique environmental factors within the state.

12. What is the basic process for conducting a competitive sourcing competition?

A competitive sourcing standard competition begins with a Preliminary Planning Phase that results in a clear understanding of the scope of services that will be subjected to competition. Once the public announcement is made to affected employees that their function is being subjected to competitive sourcing, the Acquisition Phase commences. The Acquisition Phase is conducted like a major FAA acquisition subject to the FAA’s Acquisition Management System (AMS) guidelines. The key products developed during the Acquisition Phase are a Performance Work Statement (PWS) that specifies the requirements of the scope of services subject to competition and the Screening Information Request (SIR). The PWS is rolled into a solicitation and this is the document that all offerors use to formulate a proposal.

During this process a government team acts like a potential vendor and produces the Agency Tender. One product of the Agency Tender is the Most Efficient Organization

(MEO), representing the government’s future organization model for delivering the services under competition.

The MEO typically involves streamlining of the existing organization and is designed to place the government in the best competitive position against the private sector bidders. The government’s own bid (the Agency Tender), private sector offers and public reimbursable tender (other Federal agencies) must be based upon the same PWS and submitted at the same time specified in the solicitation. The agency then selects a service provider based on formal offers submitted in response to this agency contract solicitation.

13. What is the timeline for an A-76 competition?

A standard competition should be completed within 12 months of the date it is publicly announced. The agency’s Competitive Sourcing Official can grant a time limit waiver up to 6 months if the standard competition is complex.

14. What team structures typically exist to facilitate the competitive sourcing competition process and what roles does each team typically play?

The following team structures are typical but not mandated by the revised Circular:

- **Acquisition Team** - The A-76 competition process requires the issuance of a solicitation, evaluation of offers/tenders and award of either a contract or letter of obligation. The Acquisition Team plans the acquisition process, collects and prepares all of the documentation to effectively accomplish the competition. The Contracting Officer is a member of the Acquisition Team and is ultimately responsible for issuing the solicitation.
- **PWS Team** - The PWS Team documents the performance requirements reflective of the service area under competition. This team develops the PWS and the Quality Assurance Surveillance Plan that will become part of the acquisition materials. This team may also be asked to participate in preparing other procurement documents such as the Acquisition Plan, Source Selection Evaluation Plan, other parts of the solicitation, etc.
- **MEO Team** - The MEO Team is charged with restructuring the current government organization to develop a Most Efficient Organization (MEO) that adheres to the requirements in the solicitation. This team develops the Agency Cost Estimate, Phase-in Plan, and Quality Control Plan.
- **Source Selection Evaluation Board (SSEB)** - The SSEB evaluates all proposals for cost and technical competency and may recommend to the Source Selection Authority (SSA) which offer/tender should be selected.

15. Remind me again, what is a PWS?

The Performance Work Statement (PWS) is similar to a statement of work but it is performance based. It defines what work or services are required; how much is required; and how well the work must be performed. Since the AFSS competition is for a service, it will not define how the work is to be done, or what equipment or processes should be used -- the PWS will not specify how many AFSSs are required or which ones, if any, should be closed.

16. How will detailed processes and procedures be considered in the PWS?

The PWS will be written in a performance-based format, meaning that the government is more concerned with the outcome of a particular requirement rather than how the service provider performs the work to achieve that outcome. Performance-based contracts promote innovation which ultimately should lead to cost savings for the government. With this in mind however, there are times when a certain process or procedure must be followed for reasons such as safety, enforcement, or security. There are different approaches to developing this kind of requirement. Sometimes, the requirement will state that the service provider shall perform the function in strict accordance with a particular regulation or order.

17. What is the team structure for the PWS phase of the AFSS competition?

The AFSS PWS Team consists of a variety of A-76 and AFSS subject matter experts, and acquisition specialists. The team includes an AFSS manager, SUPCOM endorsed operations supervisor, regional 510 specialist, three NAATS bargaining unit members, a team lead and an acquisition expert from the ACA organization, as well as A-76 consulting support. The team will rely on input from the AFSS workforce through facility visits and data calls.

18. How can the workforce participate in the competitive sourcing process?

The workforce can actively participate in PWS development by providing input to designated participants of the regional functional scoping workshops. Employees may also be asked to contribute ideas toward MEO development. It is important to note, however, that PWS development and MEO development are separate activities, and should not be confused. Adversely affected employees cannot participate in source selection activities including the development of evaluation criteria and serving on the source selection process.

19. How do firewall boundaries affect an employee’s ability to participate?

All regular participants of the competitive sourcing competition will be subject to firewall boundaries to prevent conflicts of interest. Firewall boundaries dictate that personnel cannot participate in the development of work products for both the acquisition (e.g., the PWS) and Agency Tender or MEO teams. Such firewall boundaries assure that no one party gains an unfair competitive advantage, thereby tainting the entire process and weakening the viability of the ultimate decision.

20. How will NAATS be involved in the competitive sourcing competition?

For the PWS, NAATS representatives will be able to provide input to working drafts and review pre-planning documents. Throughout the competitive sourcing competition, NAATS will be an active contributing member of the communications sub-group, helping to organize and disseminate the status of the competitive sourcing competition and address the questions and concerns of employees. NAATS will also have an opportunity to be represented on the MEO team, with different individuals than those on the PWS team.

21. Will our customers be involved in the process?

Customer input will be sought during a number of phases of the competitive sourcing competition.

22. How will FAA ensure the quality of service provided by a contractor or MEO?

A service provider’s performance is monitored regardless of who wins the competition. The Contracting Officer maintains primary responsibility for assuring the winning bidder meets service quality expectations. The Quality Assurance Surveillance Plan (QASP) sets in place metrics and methods of surveillance carried out by Quality Assurance evaluators. The Contracting Officer may also choose to build specific quality incentives into the contract, such as extensions based on successful accomplishment of objectives.

23. Who monitors the contractors? Will it be the supervisors who will be retained or will there be legitimate job openings for people with experience?

If either the contractor or the MEO wins, there are individuals providing technical and performance oversight as delegated by the Contracting Officer (i.e. Contracting Officer’s Technical Representative (COTR)) who have specific procedures for monitoring performance. Typically, Quality Assurance Evaluators (QAEs) assist the COTRs.

